

**THE ITCHEN COMPANY  
LIMITED**

**Report and Financial Statements  
for the year ended 31 July 2006**

**Company Registration No. 3231966**



**THE ITCHEN COMPANY LIMITED  
REPORT AND FINANCIAL STATEMENTS  
YEAR ENDED 31 JULY 2006**

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**THE ITCHEN COMPANY LIMITED  
REPORT AND FINANCIAL STATEMENTS  
YEAR ENDED 31 JULY 2006**

**OFFICERS AND PROFESSIONAL ADVISERS**

**DIRECTORS**

Barry Hicks  
George Kendall

**SECRETARY**

Jeffrey Roberts

**REGISTERED OFFICE**

Itchen College  
Middle Road  
Bitterne  
Southampton  
SO19 7TB

**BANKERS**

Lloyds Bank plc  
413 Bitterne Road  
Bitterne  
Southampton  
SO18 1DA

**SOLICITORS**

Paris Smith & Randall  
1 London Road  
Southampton  
SO15 2AE

**AUDITORS**

Tenon Audit Limited  
Registered Auditor  
Clifton House  
Bunnian Place  
Basingstoke  
RG21 7JE

**THE ITCHEN COMPANY LIMITED  
DIRECTORS' REPORT  
YEAR ENDED 31 JULY 2006**

The directors present their annual report and the audited financial statements for the year ended 31 July 2006.

**ACTIVITIES**

The company manages The Itchen Sports and Performing Arts Centre, a facility which provides sports, vending and leisure services to Itchen College and the local community.

**RESULTS AND DIVIDENDS**

The profit for the year is detailed in the Profit and Loss account on Page 5. The directors do not recommend the payment of a dividend.

**DIRECTORS AND THEIR INTERESTS**

The directors who served during the year have no interest in the share capital of the company and are as follows:

Barry Hicks  
George Kendall

**AUDITORS**

In accordance with section 385 of the Companies Act 1985 a resolution proposing that Tenon Audit Limited be re-appointed will be put to the Annual General Meeting.

Approved by the Board of Directors  
and signed on behalf of the Board



Jeffrey Roberts  
Secretary

19 December 2006

**THE ITCHEN COMPANY LIMITED  
STATEMENT OF DIRECTORS' RESPONSIBILITIES  
YEAR ENDED 31 JULY 2006**

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently
- make judgements and estimates that are reasonable and prudent
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the directors are aware:

- there is no relevant audit information of which the company's auditors are unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

**THE ITCHEN COMPANY LIMITED  
INDEPENDENT AUDITORS' REPORT  
TO THE SHAREHOLDERS OF ITCHEN COMPANY LTD**

We have audited the financial statements of The Itchen Company Limited for the year ended 31 July 2006 on pages 5 to 12 which have been prepared on the basis of the accounting policies set out on pages 7 and 8.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Respective responsibilities of directors and auditor**

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read other information contained in the Directors' Report and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

**Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

**Opinion**

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of affairs of the company as at 30 June 2006 and of the profit for the year then ended;
- have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

*Tenon Audit Limited*

Tenon Audit Limited  
Registered Auditor  
Clifton House  
Bunnian Place  
Basingstoke  
Hampshire

Date: 21/5/07

**THE ITCHEN COMPANY LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED 31 JULY 2006**

	Notes	2006 £	2005 £
<b>TURNOVER</b>	2	132,909	153,536
Cost of sales		(43,351)	(38,296)
<b>GROSS PROFIT</b>		<u>89,558</u>	<u>115,240</u>
Administrative expenses		(86,485)	(114,781)
<b>OPERATING PROFIT</b>	4	<u>3,073</u>	<u>459</u>
Other interest receivable and similar income		359	290
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<u>3,432</u>	<u>749</u>
Tax on profit / (loss) on ordinary activities	6	-	-
<b>PROFIT FOR THE FINANCIAL YEAR</b>	15	<u><u>3,432</u></u>	<u><u>749</u></u>

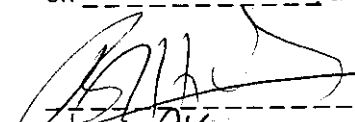
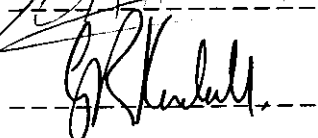
There were no recognised gains or losses other than those passing through the profit and loss account for the above two financial years. The profit and loss account has been prepared on the basis that all operations are continuing operations.

**THE ITCHEN COMPANY LIMITED**  
**BALANCE SHEET**  
**AS AT 31 JULY 2006**

	Notes	2006 £	2005 £
<b>Fixed assets</b>			
Tangible assets	7	943,056	968,510
<b>Current assets</b>			
Stocks	8	3,439	3,167
Debtors	9	5,075	4,213
Cash at bank and in hand		8,298	14,074
		16,812	21,454
Creditors: amounts falling due within one year	10	(8,294)	(12,442)
<b>Net current assets</b>		8,518	9,012
<b>Total assets less current liabilities</b>		951,574	977,522
Creditors: amounts falling due after more than one year	11	(380,070)	(392,835)
Accruals and deferred income	12	(609,000)	(625,615)
<b>Net liabilities</b>		(37,496)	(40,928)
<b>Capital and reserves</b>			
Called up share capital	13	1,000	1,000
Profit and loss account	15	(38,496)	(41,928)
<b>Shareholders' funds - Equity interests</b>	14	(37,496)	(40,928)

These financial statements have been prepared in accordance with the special provisions of part VII of the Companies Act 1985 relating to small companies.

The financial statements on pages 5 to 12 were approved by the Board on 19/12/06 and signed on behalf of the board of directors by:

 Barry Hicks  
 George Kendall

- Director

- Director



**THE ITCHEN COMPANY LIMITED**  
**NOTES TO THE ACCOUNTS**  
**FOR THE YEAR ENDED 31 JULY 2006**

**1 ACCOUNTING POLICIES**

The financial statements are prepared in accordance with applicable accounting standards. The particular accounting policies adopted are as follows:

**Basis of Accounting**

The financial statements are prepared in accordance with the historical cost convention.

**Turnover**

Turnover represents the value of sales to outside parties net of Value Added Tax.

**Tangible Fixed Assets**

**a. Buildings**

Freehold buildings are depreciated over their expected useful economic life to the company of 50 years. The Company has a policy of depreciating major adaptations to buildings over the period of their useful economic life. Minor adaptations to the buildings are designated minor works and are depreciated over 15 years. Where buildings are acquired with the aid of specific grants they are capitalised and depreciated as above. The related grants are credited to a deferred capital grant account and are released to the income and expenditure account over the expected useful economic life of the related asset on a basis consistent with the depreciation policy.

**b. Equipment**

Equipment costing less than £1000 per individual item is written off to the profit and loss account in the period of acquisition. All other equipment is capitalised at cost. All equipment is depreciated on a straight line basis over its remaining useful economic life to the company, as follows:

Computers	33%
Sports equipment	25%
Administrative equipment	25%
Furniture	10%

Where equipment is acquired with the aid of specific grants it is capitalised and depreciated in accordance with the above policy, with the related grant being credited to a deferred capital grant account and released to the profit and loss account over the expected useful economic life of the related equipment.

**Stocks**

Stocks are valued at the lower of cost and net realisable value.

**Cash Flow Statement**

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from including a cash flow statement in the financial statements on the grounds that the company is small.

**THE ITCHEN COMPANY LIMITED  
NOTES TO THE ACCOUNTS  
FOR THE YEAR ENDED 31 JULY 2006**

**Pension Schemes**

Employees of the company are also employed by the Parent Undertaking, Itchen College. They participate in the Local Government Pension Scheme through Itchen College which is a defined benefit scheme. The employees share of the pension scheme for the college cannot be determined and therefore the pension contributions are accounted for on an accruals basis.

**Deferred Taxation**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more or a right to pay less tax in the future have occurred by the balance sheet date with certain limited exceptions.

Deferred tax is calculated on an undiscounted basis at the tax rates that were expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

**THE ITCHEN COMPANY LIMITED**  
**NOTES TO THE ACCOUNTS**  
**FOR THE YEAR ENDED 31 JULY 2006**

**2 TURNOVER**

The whole of the turnover is attributable to the principal activity of the company and occurs wholly within the United Kingdom.

**3 STAFF COSTS**

The average number of persons (including directors) employed by the company during the year, expressed as full time equivalents, was:

2006	2005
Number	Number
3	3

Staff cost for above persons:

Administration

Catering and cleaning staff

2006	2005
£	£
61,043	78,115
5,000	10,080
<u>66,043</u>	<u>88,195</u>

Salaries

Social security costs

Other pension costs

2006	2005
£	£
63,365	83,450
1,759	1,522
919	3,223
<u>66,043</u>	<u>88,195</u>

**4 OPERATING PROFIT**

Operating profit is stated after charging / (crediting)

Depreciation of tangible assets

Release of deferred capital grant

Auditors' remuneration

Staff costs

Other expenses

Administrative expenses

2006	2005
£	£
26,577	27,643
(22,394)	(22,394)
877	825
66,043	88,195
15,382	20,512
<u>86,485</u>	<u>114,781</u>

**5 OTHER INTEREST RECEIVABLE AND SIMILAR INCOME**

Bank interest

2006	2005
£	£
359	290

**THE ITCHEN COMPANY LIMITED**  
**NOTES TO THE ACCOUNTS**  
**FOR THE YEAR ENDED 31 JULY 2006**

**6 TAXATION**

	2006	2005
	£	£
<b>Domestic current year tax</b>		
UK corporation tax	-	-
Adjustment for prior years	-	-
	<u>-</u>	<u>-</u>
 Factors affecting the tax charge for the year		
Profit/(loss) on ordinary activities before taxation	<u>3,432</u>	<u>749</u>
 Profits on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 19% (2005 : 20%)	<u>652</u>	<u>142</u>
 Effects of:		
Depreciation	5,049	27,643
Capital allowances	(302)	(1,747)
Tax losses utilised	(3,037)	(3,919)
Adjustments to previous periods	-	-
Other tax adjustments	<u>(2,362)</u>	<u>(22,726)</u>
	<u>(652)</u>	<u>(749)</u>
 <b>Current tax charge</b>	<u>-</u>	<u>-</u>

The company has estimated losses of £Nil (2005 - £15,982) available for carry forward against future trading profits.

On the basis of these financial statements no provision has been made for corporation tax.

**7 TANGIBLE FIXED ASSETS**

	Equipment	Freehold land and buildings	Total
	£	£	£
<b>Cost</b>			
At 1 August 2005	97,352	1,140,053	1,237,405
Additions	1,123	-	1,123
Disposals	-	-	-
At 31 July 2006	<u>98,475</u>	<u>1,140,053</u>	<u>1,238,528</u>
 <b>Accumulated depreciation</b>			
At 1 August 2005	83,362	185,533	268,895
Disposals	-	-	-
Charge for the year	3,851	22,726	26,577
At 31 July 2006	<u>87,213</u>	<u>208,259</u>	<u>295,472</u>
 <b>Net book value</b>			
At 31 July 2005	<u>13,990</u>	<u>954,520</u>	<u>968,510</u>
At 31 July 2006	<u>11,262</u>	<u>931,794</u>	<u>943,056</u>

**THE ITCHEN COMPANY LIMITED**  
**NOTES TO THE ACCOUNTS**  
**FOR THE YEAR ENDED 31 JULY 2006**

**8 STOCKS**

	2006 £	2005 £
Stock consists of goods for resale and catering raw materials	3,439	3,167

**9 DEBTORS**

	2006 £	2005 £
Trade debtors	5,075	4,213
Other debtors	-	-
	5,075	4,213

**10 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2006 £	2005 £
Trade creditors	4,998	3,083
Taxation and social security	3,296	6,940
Other creditors	-	2,419
	8,294	12,442

**11 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	2006 £	2005 £
Amount due to parent company	380,070	392,835

During the year ended 31 July 1997 the Parent company obtained a bank loan of £495,000 on behalf of The Itchen Company Limited that is to be repaid over 15 years.  
The intercompany loan from Itchen College is interest free, and to be repaid over the course of the bank loan from the profits of the company.

**12 ACCRUALS AND DEFERRED INCOME**

	2006 £	2005 £
DEFERRED CAPITAL GRANT		
Balance at 1 August 2005	625,615	642,230
Released during year	(16,615)	(16,615)
Balance at 31 July 2006	609,000	625,615

**13 CALLED UP SHARE CAPITAL**

	2006 £	2005 £
Authorised		
1,000 ordinary shares of £1 each	1,000	1,000
Allotted, called up and fully paid		
1,000 ordinary shares of £1 each	1,000	1,000

**THE ITCHEN COMPANY LIMITED**  
**NOTES TO THE ACCOUNTS**  
**FOR THE YEAR ENDED 31 JULY 2006**

**14 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	2006 £	2005 £
Profit / (loss) for the financial year	3,432	749
Shareholder's funds at 1 August 2005	(40,928)	(41,677)
Shareholder's funds at 31 July 2006	<u>(37,496)</u>	<u>(40,928)</u>

**15 PROFIT AND LOSS ACCOUNT**

	2006 £	2005 £
Balance at 1 August 2005	(41,928)	(42,677)
Profit / (loss) for the year	3,432	749
Balance at 31 July 2006	<u>(38,496)</u>	<u>(41,928)</u>

**16 CAPITAL COMMITMENTS**

	2006 £	2005 £
Commitments contracted for at 31 July	<u>-</u>	<u>-</u>

**17 ULTIMATE PARENT COMPANY**

The Itchen Company Limited is a wholly owned subsidiary of Itchen College, who is also the ultimate controlling party.

**18 RELATED PARTY TRANSACTIONS**

The company has taken advantage of the exemption in Financial Reporting Standard No. 8 from the requirement to disclose transactions with group companies on the grounds that consolidated financial statements are prepared by the ultimate parent undertaking.